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Beware of industry insiders using the number of agents in the business as a competition barometer. That is akin to the big oil executives claiming there is plenty of competition in the oil industry because they each have 50,000 employees.

The fact is that in every micro market (at the neighborhood level) there are usually no more than 2 or 3 Brokers who control 50%+ of the listing inventory. They may each have several hundred agents "competing" for business, but not on price. Why? The Broker sets the commission rate, not the agent. These larger brokers control the bulk of the market and often indirectly collude to keep fees high.

We have competition on price to some degree on the listing half of the commission amount, but none on the buyer agent allocation of the commission. Why? Enormous peer pressure to pay the buyer agent the prevailing high commission or run the risk of that home being "boycotted." At CataList Homes we are the first company to reduce the buyer agent compensation to a rate of 1.5% down from a market average of 2.5%. For that we have been basically targeted by our peers for elimination.

The Government has no right to dictate what brokers may or may not charge their clients. The Government does have a right to ensure that Realtors do not "boycott" listings to keep commissions high, and it has the right to investigate cases of Realtor intimidation of home sellers with statements that their house will be blacklisted if they only pay 1.5% to the buyer agent. Just like the DOJ took down the mafia and its "protection payments," it should actively prosecute those using intimidation, fear, and collusion threats to punish a consumer seeking some commission relief.

Finally, the commission issue is much more prominent on the Coasts due to the doubling of real estate values. With higher stakes, the intimidation tactics are much greater in those markets. I would suggest the DOJ and FTC take a hard look at any rules or behaviors that intimidate consumers who chose to pay less commission.